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Ad Hoc Working Group on Trade Efficiency
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Geneva, 15 November 1993
Item 3 of the provisional agenda

FIRST EVALUATION OF THE TRADE POINT PROGRAMME: INTERIM REPORT

Note by the UNCTAD secretariat

GE.93-53878 (E)

**FIRST EVALUATION OF THE TRADE POINT PROGRAMME:
INTERIM REPORT**

1. The active phase of the Trade Point Programme started in early 1993, when the secretariat became able to respond to a significant number of requests from member countries to install Trade Points. Missions were organized to the interested countries to respond to questions from potential users and participants, and to launch the process of setting up Trade Points. Annex I provides an outline of a typical Trade Point first mission.

2. In carrying out such missions, the secretariat made it clear that only very limited outside resources could be mobilized to assist countries in setting up their Trade Points and that, at least in an initial phase, the resources required would need to be found locally. In practically all cases, interested countries have proved able to mobilize public authorities and private organizations to provide the premises, equipment and financial resources necessary to install and launch a Trade Point.

3. As a result, the number of Trade Points installed or in the process of being installed is currently significantly higher than anticipated last year. Annex II provides a "status report" of the current situation. Four Trade Point can be considered as fully operational (Cartagena, Tunis, Bangkok and Columbus). Several more are expected to be inaugurated and to start operating before the end of 1993 (in Algeria, Argentina, Belarus, Bolivia, Chile, China, Egypt, Germany, India, Indonesia, Philippines, Portugal, Senegal, and the United Kingdom). In addition, the Government of Finland has decided not only to create a national Trade Point but also to support the creation of an Estonian and a Ukrainian Trade Point.

4. As a first step, countries creating Trade Points have initiated local Trade Efficiency Associations. These non-profit organizations will oversee the management of the Trade Points. As soon as they are created, these local associations become members of the International Federation of Trade Efficiency Associations (IFTEA) which is the Geneva-based non-profit organization responsible for the smooth coordination and interconnection of Trade Points.

5. Preliminary experience shows that it takes between 12 and 18 months for a Trade Point to yield its full potential. For financial reasons, the programme of missions to assist in establishing Trade Points started only in the first quarter of this year. It is, however, possible and important for the work of the Ad Hoc Working Group that all available information on the steps taken and difficulties faced by those who have been directly involved in setting up and running Trade Points be brought to the attention of delegations. This will be done through the oral presentations made by those directors and coordinators of Trade Points wishing to do so at the second session.

6. The presentations and discussions will allow the Working Group to address the following questions, which are of particular interest to those countries which have just started establishing Trade Points, or are considering doing so:

- How to set up a Trade Point: legal, institutional and practical problems;

- How to associate the local or national trading community in the creation of a Trade Point;

- Collection, processing and dissemination of trade information;

- Relationships among Trade Points (exchange of services, invoicing, etc);

- Information to be provided by the Pilot Trade Points to the Symposium (questionnaires);

- Participation of service providers (Customs, transport, banks, insurance, etc).

On each of these points, comments and questions will be invited from the Working Group.

Annex I

TYPICAL FIRST TRADE POINT MISSION

Background information for the organizers and participants

1. UNCTAD's Trade Efficiency Programme will establish a worldwide network of trade facilitation centres, called Trade Points.

2. A Trade Point is a centre uniting under one roof (physical or virtual) all the services and participants involved in international trade. Thus, new trading opportunities are encountered, Customs and administrative procedures are completed and trade transactions are fulfilled all in one location. This will be made possible largely through the use of the latest multimedia technology.

3. Trade Points will benefit both external and internal trade in those countries where they will be established by:

- Assisting traders in finding new market opportunities;
- Opening international trade to new participants, in particular small- and medium-sized enterprises;
- Reducing the cost of import and export procedures.

4. The Trade Point will also be a laboratory where:

- New trading procedures and methods will be elaborated and tested;
- The latest information and communication technologies will be applied to trade;
- Data banks will be made available and evaluated.

Objectives of the mission

5. The different steps in the setting-up of a Trade Point are the following:

1 - Present the project to the potential participants;

2 - Obtain an initial agreement as to the importance of the programme;

3 - Identify a national focal point responsible for the Trade Point;

4 - Select the participants;

5 - Find a suitable location;

6 - Create the legal environment for the Trade Point;

7 - Define the legal relationships with the participants;

8 - Define the organizational and practical rules of the centre;

9 - Create the local Trade Efficiency Association;

10 - Set up the necessary physical and technical installations;

11 - Inaugurate the centre.

6. The mission should contribute to the taking of as many steps as possible along this list. Points 1 to 3 should be achieved before the mission returns to Geneva.

Organization

7. The Trade Point aims at creating a meeting point between all participants, public and private (e.g. Customs, Chambers of Commerce, Ministry of Trade, transport companies, banks, insurance brokers), involved in a typical trade transaction.

8. The mission should allow a meeting with all the future participants in the Trade Point. It is important that a national counterpart be assigned from the very beginning to support UNCTAD representatives throughout the mission and to ensure a follow-up.

9. From the beginning of the process, as many potential participants as possible should be invited to take part in the discussions and in the setting-up of the Trade Point. For each sector (e.g. banking, transport) it will be important to have an open structure which will allow several providers to be present at the Trade Point. Emulation and competition will thus contribute to mobilizing the talents and energies available locally. It will then be the responsibility of the local authorities (possibly through the local Trade Efficiency Association) to establish rules and select participants on the basis of their performance and ability to help local traders to become more efficient.

10. Pending final decisions by local authorities, it is envisaged that the following should participate in the meetings:

Relevant Ministry(ies)
- Ministry of Foreign Affairs
- Ministry of Trade
- Other ministries?

Customs
Banks
Transporters
Insurers
Telecommunications
Chamber of Commerce
Port authorities (if relevant)
Trade facilitation body (ditto)
Business Associations (exporters, small- and medium-sized enterprises, ...)
Media, newspapers, journals

11. A typical two-and-a-half day mission is organized as follows:

Day 1:

9:00	Meeting with the national counterpart
11:00	Meeting with the ministerial focal point
15:00	General meeting with all participants (presentation, questions and answers)
17:00	Discussions with participants

Day 2:

9:00	Meeting with banks
11:00	Meeting with Customs, insurers and transporters
15:00	Meeting with providers of information, statistics and databases
17:00	Meetings with Ministries involved

Day 3:

10:00	Final meeting with the national counterpart
	Establishment of a timetable and programme of work

Annex II

TRADE POINT STATUS REPORT
5 October 1993

(Note: n.d.y. = no date yet)

Country	Status	Scheduled start-up date
Algeria	Government request submitted to UNCTAD on 02.12.92. TP being set up in Algiers.	12.93
Argentina	Government request submitted to UNCTAD on 24.08.92. TPs being set up in Santa Fé and Rosario.	12.93
Armenia	To be established within a World Bank technical assistance project.	n.d.y.
Bangladesh	Government request submitted to UNCTAD on 24.04.92.	n.d.y.
Belarus	Government request submitted to UNCTAD on 15.03.93. TP to be set up in Minsk.	end 93
Bolivia	TP operating in Cochabamba.	09.93
Brazil	Government request submitted to UNCTAD on 25.01.93.	n.d.y.
Canada	Government request submitted to UNCTAD on 20.01.93.	n.d.y.
Chile	Trade Point to be set up in Santiago.	n.d.y.
China	Government request submitted to UNCTAD on 05.12.92. TP to be set up in Shanghai. Mission planned for August.	n.d.y.
Colombia	Cartagena in operation since February 1992. 52 more towns have requested TPs. Bogotá Cali	02.92 end 93 end 93
Ecuador	Contacts established with Cartagena TP.	n.d.y.
Egypt	Government request submitted to UNCTAD on 20.11.92. TP being set up in Cairo.	end 93

Estonia	(see Finland)	n.d.y.
Finland	Planning to set up TP in Helsinki and considering financing TPs in Ukraine and Estonia. Feasibility studies carried out in May.	n.d.y.
Gabon	Government request submitted to UNCTAD on 16.03.93.	n.d.y.
Georgia	Proposal for creation of a TP within a World Bank technical assistance project.	n.d.y.
Germany	Government request submitted to UNCTAD on 20.11.92. TP to be set up in Rostock.	end 93
Honduras	Contacts established with Cartagena TP. TP to be established in Tegucigalpa.	n.d.y.
Hungary	Government request submitted to UNCTAD on 08.04.93.	01.94
India	Government request submitted to UNCTAD on 29.07.92.	n.d.y.
Indonesia	Government request submitted to UNCTAD on 29.03.93.	end 93
Iran, Islamic Republic of	Government request submitted to UNCTAD on 15.12.92.	n.d.y.
Kenya	Government request submitted to UNCTAD on 06.05.92.	n.d.y.
Morocco	Government request submitted to UNCTAD on 04.11.92. TP to be set up in Casablanca.	n.d.y.
Panama	Government request submitted to UNCTAD on 3.09.92.	n.d.y.
Peru	Contacts established with Cartagena TP.	n.d.y.
Philippines	Government request submitted to UNCTAD on 18.01.93.	end 93
Portugal	First contacts with Government established in January 1993. TP to be set up in Porto.	end 93
Russian Federation	First contacts with Government established in May 1993.	n.d.y.
Senegal	Government request submitted to UNCTAD on 24.03.93.	n.d.y.

Singapore	Government request submitted to UNCTAD on 18.12.92. TP being set up.	11.93
Slovenia	Government request submitted to UNCTAD on 23.03.93.	n.d.y.
Sri Lanka	Government request submitted to UNCTAD on 06.01.93.	n.d.y.
Switzerland	Government request submitted to UNCTAD on 20.11.92.	n.d.y.
Thailand	Government request submitted to UNCTAD on 14.12.92.	end 93
Tunisia	Government request submitted to UNCTAD on 20.11.92. TP operating in Tunis.	07.93
Ukraine	(see Finland).	n.d.y.
United States	Government request submitted to UNCTAD on 20.11.92. Virtual TP being set up in Columbus, Ohio.	11.93
Venezuela	Has established direct contacts with Cartagena. Intends to create several TPs.	n.d.y.

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THE TRADE POINT: CONCEPT AND IMPLEMENTATION

Note by the UNCTAD secretariat

GE.93-53859 (E)

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I. BACKGROUND

1. The Trade Efficiency Initiative was launched in February 1992 by the delegates of 171 countries assembled in Cartagena, Colombia, on the occasion of the United Nations Conference on Trade and Development. The main objective of this initiative is to open international trade to new participants - especially small- and medium-sized enterprises - by simplifying and harmonizing trade procedures worldwide and giving traders access to advanced technologies and information networks.

2. Business is increasingly paperless. More and more it will be based on the transmission of information in electronic form, including what is known as Electronic Data Interchange (EDI). The use of EDI permits the introduction of advanced business techniques, leads to substantial savings in time and expenses, and gives users a competitive edge. In the area of telecommunications, existing networks provide access to strategic information sources, allow instant identification of import/export opportunities, and facilitate the creation of links between potential importers/exporters.

3. These technologies, commonly used by thousands of big companies in industrialized countries, are remarkably scarce in most developing countries, although they are becoming more and more affordable, even to small- and medium-sized enterprises.

4. The Trade Efficiency Initiative responds to an urgent need to increase the international awareness and effective application of information technologies to trade and to promote the use of models capable of reducing procedural costs in international trade.

5. A key component of the initiative is the "Trade Point Programme", which consists mainly of establishing, operating, and interconnecting Trade Points in all regions of the world. The initial/pilot phase of this programme will culminate in the United Nations International Symposium on Trade Efficiency to be held 17-21 October 1994 in Columbus, Ohio, United States of America.

II. THE TRADE POINT CONCEPT

A. What is a trade point?

6. A Trade Point is:

(1) A trade facilitation centre, where all participants in foreign trade transactions (e.g. Customs, foreign trade institutes, Chambers of Commerce, freight forwarders, transport companies, banks, insurance companies, etc.) are grouped together under a single physical or virtual roof.

(2) A source of trade-related information which provides actual and potential traders with data about business and market opportunities, potential clients and suppliers, trade regulations and requirements, etc.

(3) A gateway to global networking. All Trade Points will be interconnected in a worldwide electronic network, and equipped with efficient telecommunication tools to link up with other global networks.

7. The overarching objective of the Trade Points is to incite more actors, particularly - but not exclusively - small- and medium-sized enterprises, to embark in international commerce. At the Trade Point, market opportunities are targeted, government formalities are cleared, and business transactions are carried out. This "one stop shopping" lowers the transaction costs of importing and exporting. It also reduces the procedural and psychological barriers to trade, thus encouraging new entrants into the trade arena.

8. During the initial phase of the Trade Point Programme, Trade Points will be established in regions representing a broad spectrum of socio-economic environments. In these laboratories of international trade, new trade procedures, work methods, communication techniques, databases, information technology, etc. will be tested and compared. The experience acquired and solutions developed at the Trade Points will be evaluated at the 1994 United Nations International Symposium on Trade Efficiency, and a Trade Point model (or models) will be developed which could be replicated worldwide.

B. Who are the participants?

9. In a typical Trade Point, providers of key services will participate and operate interactively. For each participant, a non-limitative list of functions would include the following:

Ministry of Trade: provides statistical information on foreign/domestic markets; processes licence applications when required.

Chamber of Commerce: provides information and support to Trade Point users; issues certificates of origin when required.

Customs: process Customs import and export documents prior to clearance; provide information on foreign/domestic regulations and tariffs.

Customs Brokers: assist traders in all Customs-related operations.

Banks: supply information on financial regulations, exchange rates, payment facilities, and loan availability; process all operations as appropriate.

Freight Forwarders: provide information on transport options costs, and schedules; assist traders in organizing transport.

Insurance Agents: advise on risk-minimization during transport and transaction operations; issue insurance policies, certificates, etc.

Telecom and postal services: help establish contacts with foreign customers by means of appropriate telecommunications facilities (fax, telephone, videoconferencing, electronic mail, EDI, etc.); receive or dispatch imports/exports effected by mail.

Universities: offer affordable technical assistance services (e.g. company management advice, market studies, and laboratory research).

10. Within the rules and principles adopted by the local Trade Efficiency Association, participants bill users individually and freely for their services. Competition between service-providers of the same category (e.g. between insurance companies) should be encouraged.

C. Trade-related information available at the trade point

11. There are four broad categories of trade-related information available to trade point users:

(1) STATISTICAL DATA: potential markets for a given export product; countries producing a given import product.

(2) CONTACT DATA: information on companies seeking to import/export, including a description of company products, addresses, telephone and fax numbers.

(3) BUSINESS OPPORTUNITIES: products or services offered on the international market, including product descriptions, origins, quantities available, and contact addresses, telephone, and fax numbers.

(4) COUNTRY LEGISLATION AND TARIFFS: information on technical standards, requirements, and legislation applicable to given products and countries, such as health regulations. Cross-country information on tariffs and non-tariff measures.

Information sources

12. These four types of information can be obtained from three main sources: the local Trade Point, the Trade Point Network, and specialized databases.

13. The local Trade Point should collect information on its country's import and export statistics, legislation, and tariffs. It should also compile lists of local company profiles as well as of products and services offered locally.

14. The information collected at each Trade Point is then checked, referenced, and indexed before being made available to the other Trade Points worldwide. 1/ Transmission methods include E-mail, fax, and postal delivery of diskettes and/or CD-ROMs, and eventually the Trade Point electronic bulletin board system. Ultimately, this will become a major information tool for the daily operation of Trade Points. However, in the initial phase of the Trade Point Programme, the number of Trade Points is relatively small. Until Trade Points can rely on their own information network, made up of the interconnection of Trade Points worldwide, international data will be provided primarily by specialized databases.

15. There are a large number of specialized databases covering topics such as import/export statistics, national standards, technical regulations, trade legislation, directories of companies involved in import/export, company profiles, addresses, and contact information. Some databases are sectoral (e.g. specialized databases on leather or fresh fruit), others are regional, and most are the basis of a commercial service. UNCTAD is currently

negotiating with the providers of such services the preferential conditions under which access to their databases could be provided to the Trade Points until the 1994 Symposium.

D. Telecommunications

16. From one country to the next, Trade Points will operate in highly different technological environments. Since telecommunication is a vital tool in operating the Trade Points, it is essential that host countries provide their own Trade Points with the best telecommunication services available locally.

17. UNCTAD is currently negotiating with providers of telecommunication services the preferential conditions under which such services could be provided to the Trade Points until the 1994 Symposium. At a later stage, the International Federation of Trade Efficiency Associations (IFTEA) might develop a proprietary communication system for the benefit of the Trade Point Network (F-Link). The limited experience registered so far at existing Trade Points shows that, in addition to adequate telephone and facsimile facilities, Trade Points can communicate in a cost-saving fashion through electronic mail (E-MAIL).

E. Additional trade point activities and events

18. The full range of activities organized by Trade Points is limited only by the imagination of its managers, participants, and users. The possibilities include:

- Cooperation with local non-governmental organizations to promote the commercial activity of small, micro, and family enterprises.

- Collaboration with trade-promotion and trade facilitation bodies worldwide.

- Hosting training activities for the benefit of Trade Point participants and users.

- Promoting local products through the Trade Point Network using the most advanced communication techniques available.

III. SETTING UP A TRADE POINT

A. The initial steps

19. First, an official request expressing the government's interest in setting up a Trade Point must be received by UNCTAD.

20. Second, within the limit of resources available, UNCTAD will respond to this request by proposing dates for an initial mission to launch the process of creating a Trade Point. The objectives of such a mission will be to present the Trade Point concept in greater detail and to assist in its creation. Meetings will be held with representatives of the private and public sectors involved in the establishment and running of the Trade Point.

(See "Who are the Participants?" above.) A national counterpart will be nominated to act as intermediary between the Government, the private sector, and UNCTAD. 2/

B. Legal framework: the local Trade Efficiency Association

21. An important step in the creation of a Trade Point is the founding of a non-profit local Trade Efficiency Association. The objective of the Association is to facilitate international trade and to encourage new trade participants, particularly small- and medium-sized enterprises. It oversees the creation of the Trade Point, and provides advice and guidance thereafter. The legal status of the Association should be in conformity with local rules and traditions.

22. The local Trade Efficiency Association automatically becomes a member of the International Federation of Trade Efficiency Associations (IFTEA), a non-profit organization based in Geneva. IFTEA provides guidelines and assistance to Trade Points and coordinates their activities worldwide.

23. Members of the local Association should include representatives of the main categories of managers, users, and service-providers (participants). For example, the following could be members:

- Relevant ministries (Trade, SMEs, etc.);
- Customs;
- Chamber of Commerce, Trade Promotion Organization, or Trade Facilitation Committee;
- Banks, insurance companies, freight forwarders, etc.;
- Local associations or universities;
- Importers;
- Exporters.

C. Premises and equipment

24. The annex describes the typical layout of a Trade Point. A government building - if made available rent-free - greatly reduces operational costs. Offices might also be provided rent-free by a private association. Otherwise, premises must be found and rented by participants. In that case, the local Trade Efficiency Association will define the contractual terms of the rental arrangements.

25. Each participant should provide the equipment necessary for his/her own activity at the Trade Point. Additional equipment, however, will be necessary to perform the central functions described above (e.g. connections to the Trade Point Network, access to specialized databases, etc.). The minimal equipment requirements include:

- One personal computer (typically a PC 486 with 4 MB of RAM, a 200 MB Hard Disk, and a VGA screen);

- One fax modem (typically 9600 Bauds);

- One laser printer;

- One CD-ROM Drive.

26. An adequate number of telephone lines should be provided. Whenever possible, provision of an X-25 connection is highly recommended.

D. Trade point management

27. Daily management of the Trade Point is entrusted to a director who is appointed by the local Trade Point Association. A typical Trade Point director should have the following qualifications:

- familiarity with international trade procedures;

- experience in international trade;

- a sense for public relations;

- the ability to be a team leader;

- superior language skills.

28. The director will need an assistant to supervise the computer and telecommunications systems.

E. Costs

29. In setting up a Trade Point, the initial resources must be found locally. This is a core element of the Trade Point concept philosophy. UNCTAD will then assist Trade Points in attracting additional resources from private and public donors. It will also provide them with the tools (software, information, training, etc.) which it has developed itself over the years.

30. For the same level of performance and quality, establishment and operating costs will vary widely from one country to the next. The following checklist is provided to allow interested countries to evaluate what these costs would be in their particular case. For each item, a possible source of financing is indicated.

Establishment costs

COSTS	FINANCING
Office Premises:	Private or public donation or shared by Trade Point participants.

Furniture:	Private or public donation or covered by each participant.
Equipment:	
Computers and peripherals	Each company or public institution represented purchases its own hardware and peripherals.
Telecom. software	Provided by IFTEA under preferential conditions.
Telecom. lines	Covered by local telecom companies or shared by participants.
Legal costs:	Shared by participants.

Operating costs

31. Once a Trade Point is established, it will aim at becoming self-financing. The major source of income will be the fees paid by users for the services offered by the Trade Point. Additionally, UNCTAD is negotiating with providers of telecommunication services, in order to obtain preferential conditions (services at reduced or no charge) for the electronic interchange between Trade Points.

COSTS	FINANCING
Office Rental: (if any)	Shared by participants if the building is not State-owned or donated.
Salaries of Trade Point Director and Systems Supervisor:	To be determined by the local Trade Efficiency Association.
Salary of desk staff:	Costs covered by each participant as in any branch office.
Equipment maintenance, heating, lighting, etc:	Covered by participants.
Telecommunications:	Charged to the customer.
Access to databases:	Charged to the customer.

F. Physical or virtual trade point?

32. In the distant future, the interaction of Trade Point participants and users will not require their physical presence at the same location. Information technology will allow Trade Points to function as virtual entities through which participants and users will connect in order to send and receive information, clear procedures, and do business.

33. At this point in time, however, few countries have the capability to set up and operate Virtual Trade Points. This means that most of the Trade Points established in the near future will be Physical Trade Points. Provisions will be made, however, to allow such Trade Points to progressively evolve into Virtual Trade Points. This means in particular that even when Physical Trade Points have been set up, more advanced users should be able to avail themselves of Trade Point services through electronic connections.

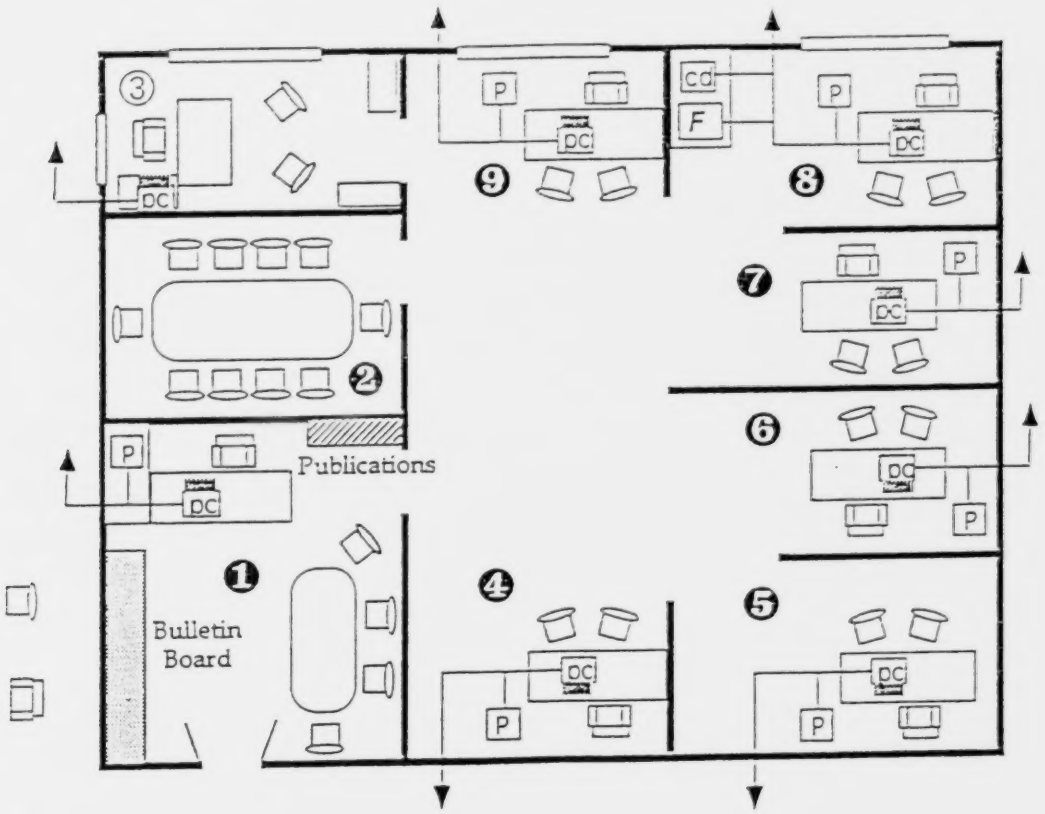
Notes

1/ The recommended methodology and principles of this exercise will be described in a separate document to be be produced in close cooperation with the International Trade Center. (ITC/UNCTAD/GATT)

2/ For further details on how such a mission could be organized, see document TD/B/WG.2/7, Interim Report on the Trade Point Programme.

Annex

Typical layout of a Trade Point



Legend

Connections (LAN, fax/modem)

P Printer (laser)

DC Personnal computer (386 or 486)

cd CD-ROM drive

F F-link (access to SITE)

Notes

1. Information desk
2. Meeting room
3. Director
4. Customs
5. Banks
6. Insurers
7. Transporters
8. Market information
9. Brokers, NGOs, universities, etc..

Rem: Open space with mobile partitions would be ideal